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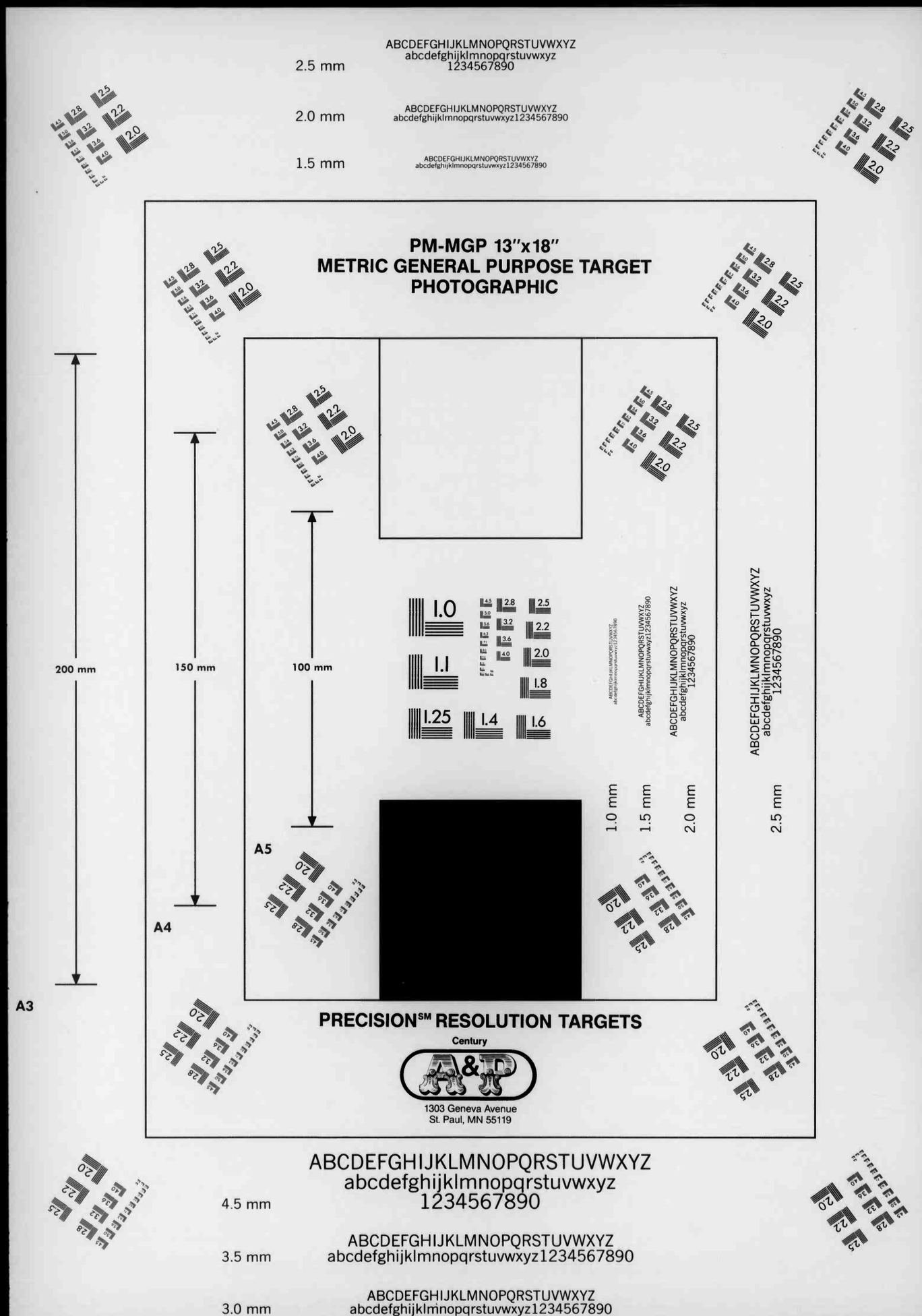
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RENT PROFITEERING AND IT'S CONTROL

1917-1918

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Rent Profiteering and Its Control

1917 - 1918

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PREFACE

by Karl Borders
CHIEF, RENT SECTION
OFFICE OF PRICE ADMINISTRATION

At the request of our Office, members of the staff of the Bureau of Labor Statistics undertook this investigation of original sources on rent profiteering and its control during the last World War. We felt certain that their research would be distinctly useful in the work of our present day Fair Rent Committees. These committees, now being organized in defense areas throughout the country, can learn two outstanding lessons from the Rent Profiteering Committees of 1918. First, the effectiveness of voluntary agencies of this character depends almost entirely upon the public spirit of the community in which the Committee is established. During the last World War, Committees were relatively successful if they had the full support of their communities and outright failures if they did not arouse confidence by the objectivity of their decisions. Secondly, a Committee which keeps the public fully informed of its recommendations and utilizes every legitimate form of pressure against the recalcitrant party to a case which is being mediated will earn the respect of the community. This clearly involves emphasis on the emergency nature of the Fair Rent Committee's work and requires a surrender of the right to "get what the traffic will bear."

The Office of Price Administration, by profiting from the experience of voluntary rent control committees of 1918, has some advantage over the originators of the idea. We have started somewhat earlier than they did. We know more about rental trends in specific defense localities and about the consequences of letting things ride. Moreover, we have arrived at a set of principles to aid committees in mediating individual complaints

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which will provide uniform standards of practice and will avoid some of the confusion inherent in the great variety of criteria used during the last war. After consultation with men who served on Rent Profiteering Committees in 1918, we early came to the conclusion that elaborate investigations of return on investment led some committees to prolonged discussions of individual cases while complaints continued to pile up on the docket. We have therefore instructed Fair Rent Committees to set a Fair Rent Date and to require justification for increases beyond that date. As a result a far more efficient handling of cases may be expected.

In addition, we are determined to go further than they did during the last World War. In those areas where voluntary methods fail, we hope that the Congress will grant powers for the imposition of statutory controls. Local Fair Rent Committees should find their hands strengthened by this prospect.

RENT PROFITEERING AND ITS CONTROL

1917-1918

GENERAL STATEMENT

LATE IN 1917 and in 1918, with the great expansion of military production and construction, the housing situation in certain areas became acute. Housing shortages arose in two tvpes of areas: First, in communities where the expansion of employment caused an inflow of workers greater than the housing facilities of the city; second in sparsely settled regions where it was found advisable, due to the character of certain wartime industries such as the manufacture of ammunition, to build new plants. In either case, as soon as the existing housing facilities were occupied, and new workers were still pouring in, rent profiteering made its appearance. Rent charges were frequently advanced out of proportion to any increase in costs.

Rent profiteering took several forms. The most obvious was a sharp increase in the rent paid for a particular dwelling unit. Equally important, but less readily observed, was an increase in the number of tenants using a given unit with no reduction in rent per tenant. Other ways of profiteering included refusal to make ordinary repairs and refusal to install new sanitary equipment which orginarily would have been necessary.

During the war, several methods were employed by the Government to reduce rent profiteering.

1) When the seriousness of the housing shortage was recognized in the late spring of 1917, construction of new dwellings was considered. But the urgency of the situation and the problems of transportation of building materials and labor were great. Only a very limited application of this method could be hoped to contribute to an early solution of the problem.

2) In some districts, transportation facilities were improved to enable rapid commuting between the area of housing shortage and nearby areas with surplus housing. This was both an economical and a speedy solution of the problem wherever it was possible.

3) The towns were canvassed for vacancies, and Homes Registration offices were established by the United States Housing Corporation of the Department of Labor to act as clearing houses for vacancies.

4) Rents in certain areas were actually regulated by local agencies created late in 1918 with the cooperation of the Housing Corporation in an attempt to protect the worker from rent profiteering.

The local agencies charged with such rent control were known as Rent Profiteering Committees while the sections of these committees dealing directly with adjudication of rent cases were called Rent Adjustment Committees. Rent Profiteering Committees were active in 82 critical cities during the latter part of 1918.[1] They were composed of representatives of tenants, landlords, and the public. The most widely publicized committee, that of New London, Conn., had 24 members; other committees had as few as 3 members.

The function of these committees was to receive complaints and to curb unfair rentals. Complaints originated both among tenants who desired to have their rental payments adjusted and landlords who desired to have their rent increases approved. The committee as a whole or some member of the committee heard both sides of each complaint, and, if necessary, the committee issued a decision. Of 8,029 cases reported to the United States Housing Corporation of the Department of Labor, the committees upheld the landlord in 1,102; the tenant in 3,456; demanded concessions from both sides in 1,535; and found no decision necessary in the remaining 1,036 cases, because tenants and landlords reached an agreement before the committee made a decision. Although the Corporation furnished a simple standard report form to the local committees, these figures are incomplete since action was often taken without being reported and some local committees failed to keep accurate records so that the figures reported were frequently rough approximations.

[1] A list of these 82 cities is appended to this report.

The committees were not organized until late in 1918 and functioned for only a few months. Relatively few cases, usually not more than 200, came before any one committee. It is reasonable to assume that the number was limited to a considerable degree by the unwillingness of tenants to face possible eviction if they reported their cases.

In most cases the committees did not have legal authority to enforce their decisions. A list of 13 methods used by the committees to obtain compliance with their decisions contained in the final report of the United States Housing Corporation included as prime factors: Appeals to patriotism, to civic pride, to public opinion, and to reason and the sense of fairness.[2]

There were a few laws, both Federal and State, which furnished legal protection from unwarranted eviction to certain groups within the population. Article III of the Soldiers' and Sailors' Civil Relief Act (40 Stat. 443, March 8, 1918) provided in part as follows:

"SEC. 300. (1) That no eviction or distress shall be made during the period of military service in respect of any premises for which the agreed rent does not exceed $50 per month, occupied chiefly for dwelling purposes by the wife, children, or other dependents of a person in military service, except upon leave of court granted upon application therefor or granted in an action or proceeding affecting the right of possession.

(2) On any such application or in any such action the court may, in its discretion, on its own motion, and shall, on application, unless in the opinion of the court the ability of the tenant to pay the agreed rent is not materially affected by reason of such military service, stay the proceedings for not longer than three months, as provided in this Act, or it may make such other order as may be just.

(3) Any person who shall knowingly take part in any eviction or distress otherwise than as provided in subsection (1) hereof shall be guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed one year or by fine not to exceed $1,000 or both.

(4) The Secretary of War or the Secretary of the Navy, as the case may be, is hereby empowered, subject to such regulations as he may prescribe, to order an allotment of the pay of a person in military service in reasonable proportion to discharge the rent of premises occupied for dwelling purposes by the wife, children, or other dependents of such person."

[2] A full list with brief explanatory paragraphs is appended to this report.

The use of this power, however, was limited to soldiers and sailors and certain civilian employees of the Public Health Service or Coast and Geodetic Survey transferred to the War or Navy Departments.

Another Federal Act (40 Stat. 438, March 1, 1918) empowered the United States Shipping Board Emergency Fleet Corporation,

* * * * * * *

"(c) To purchase, lease, requisition, including the requisition of the temporary use of, or acquire by condemnation or otherwise any houses or other buildings for the use of such employees and their families, together with the land on which the same are erected, or any interest therein, all necessary and proper fixtures and furnishings therefor, and all necessary and convenient facilities incidental thereto; to manage, repair, sell, lease, or exchange such lands, houses, buildings, fixtures, furnishings and facilities upon such terms and conditions as it may determine to carry out the purposes of this Act."

* * * * * * *

This law also provided the Corporation with power to take possession of any needed property immediately, although payment for the properties had to be held up until the Attorney General approved the validity of the title and the local State legislature had consented to the purchase.

The Emergency Fleet Corporation apparently used this power on occasion to prevent rent profiteering for it announced in the Official Bulletin for May 4, 1918:

* * * * * * *

"The Fleet Corporation has found it necessary to requisition the use of houses in certain localities where it appeared to its satisfaction that the owners were disposed to threaten the occupants, who were shipyard workers, with disposses, the apparent reason for such step being either to obtain a higher rental out of the shipyard worker or from some other occupant. Already, rentals have been advanced in some cases almost threefold; the occupants of the houses from which the shipyard workers are dispossessed not infrequently sublet portions of the premises at such high figures that the total rental received is nearly double that paid the owner. In many cases the owner receives no additional benefit from this procedure, but the shipyard worker is very heavily taxed.

"It is not the disposition of the Fleet Corporation to act in an arbitrary manner, or to cause any injustice to anyone, but it feels that it is its duty to prevent, wherever possible, flagrant cases of profiteering at the expense of shipyard workers which cause extreme dissatisfaction among the workers, and tend to an unnecessary labor turnover; and the Fleet Corporation will not hesitate to exercise its power under the housing bill wherever its attention is called to cases of this description."

* * * * * * *

In addition to these specific powers it appears that certain general powers given to the President were interpreted to include rent control. For example, the Urgent Deficiencies Appropriation Act approved on October 6, 1917 contained the following provisions:

"For increasing facilities for the proof and test of ordnance material, including necessary buildings, construction, equipment, land, and damages and losses to persons, firms, and corporations, resulting from the procurement of the land for this purpose, and also the salaries and expenses of any agents appointed to assist in the procurement of said land or damages resulting from its taking $7,000,000."

* * * * * * *

"To enable the President to secure the more economical and expeditious delivery of materials, equipment, and munitions, and secure the more expeditious construction of ships authorized, and for the purchase or construction of such additional torpedo boat destroyers, submarine chasers, and such other naval small craft, and for each and every purpose connected therewith, as the President may direct, to be expended at the direction and in the discretion of the president, $100,000,000."

One means of securing 'more economical and expeditious delivery' on defense contracts was supplying workers with sufficient housing at reasonable rentals. Production had been greatly hampered and the labor turnover was high, due, allegedly, to exorbitant rent charges.

Congress did not enact any specific rent control legislation applicable to the whole country. However, there was the 'Saulsbury Resolution' of May 31, 1918 which provided that a tenant in the District of Columbia could not be evicted so long as he 'continues to pay rent at the agreed rate and performs the other conditions of the tenancy which are not inconsistent herewith. . . .' As noted, this resolution pertained only to the District of Columbia and did not apply in the control of rents elsewhere. Hence, all direct action to control rent profiteering outside of the District of Columbia was taken without specific Federal authority.

A few States, namely Maine, Connecticut, Massachusetts, New Jersey, Nevada, and Virginia provided added protection to tenants during the war. Legal provisions permitting evictions under certain conditions were waived in favor of the dependents of men in the Federal or State armed forces but this protection did not extend to the civilian worker.

Although the actual laws pertaining to rentals were few and limited in their application, both Federal and State governments encouraged Rent Profiteering Committees. However, the prime interest still centered on construction of new dwellings, and the possibility of obtaining Federal funds for this purpose was considered. This idea persisted even after the housing program had been centralized in the Bureau of Industrial Housing and Transportation of the Department of Labor in February, 1918. Although the need for speedy action was finally recognized and other means for solving the problem were explored, no adequate program was undertaken until July, 1918, when most of the Bureau's activity was absorbed in the United States Housing Corporation which was sponsored by the Department of Labor. *Hence, effective action to restrain rent profiteering was delayed approximately 12 months after it became evident that some action to alleviate housing conditions in defense areas would be necessary.* By that time, the situation had become acute in many areas.

Complaints of rent profiteering poured into both of these organizations from officers in arsenals and navy yards, managers of plants with defense contracts, local councils of defense, labor unions, and private citizens. The complainants pointed out that workers were given the option to pay higher rents or be dispossessed and that unduly high rental charges were forcing them to move. This led to high labor turnover which lowered manufacturing efficiency and impaired defense production. Consequently both the Bureau and the Corporation developed administrative sections to encourage localities to form Rent Profiteering Committees.

The most active section was the Homes Registration Service which developed a field force to encourage communities with critical housing conditions to conduct surveys of vacancies and to maintain registries of available living quarters. It was well equipped, as regards personnel and previous contacts, to encourage these same communities to develop Rent Profiteering Committees.

Governors and other State officials recognized these Rent Profiteering Committees as semi-official agencies and cooperated with them. Similarly, local officials were cooperative, frequently using health and fire department regulations to assist the committees in enforcing their decisions.

Because of the extra-legal status of the Rent Profiteering Committees, their successful operation was dependent upon the existence of certain favorable conditions in each community. It was necessary to have the leadership of outstanding men, respected in their communities; to have the support of publicity agencies; and to have within the community itself, a civic consciousness. Above all, it was necessary that the committees be fair in their determinations.[3] The record of the relative successes of the committees in several selected cities is evidence of the importance of these requirements.

[3] A letter dated August 14, 1918, fully describing these and some other requirements and giving instructions for organizing rent profiteering committees is appended to this report.

The committees continued operating for varying periods after the Armistice, depending upon the local situation. Federal authorization to use the requisitioning powers of the laws previously mentioned was automatically discontinued when the Armistice was declared, although until June 30, 1919 the United States Housing Corporation encouraged the committees to function as conciliation agencies for disgruntled landlords and tenants.

THE PROCEDURE OF RENT PROFITEERING COMMITTEES

THE procedure of Rent Profiteering Committees is illustrated, first, by the experience in New London. The Unions in New London appealed to the U. S. Department of Labor in April, 1918, when local efforts to prevent rent profiteering failed to effect rent reduction. An agent was sent from Washington by the War Labor Policies Board who cooperated with local leaders and developed the plan for Rent Profiteering Committees commonly referred to as the New London Plan.

This plan called for a committee of 24 composed of representatives of the public, labor (or tenants), and business (or property). The committee was divided into 4 subcommittees which held consecutive sessions, so that a committee was always available and no delay would be experienced in the presentation of complaints. New London leaders considered continuous session and consequent prompt action vital to the success of the program. Most other communities did not follow the practice either because the membership of the committee was insufficient or because the volume of complaints was too small. The main differences between the original New London plan and the adaptations used elsewhere were in the number of committeemen and continuity of sessions.

The committee procedure provided that initiative could be taken either by the tenant or the landlord through any committeeman. The committees, with varying degrees of success, sought to persuade landlords to present proposed rent increases to the committee before putting them into effect. Frequently the committeeman receiving the complaint would attempt to make satisfactory adjustment before presenting the case to the committee as a whole. If this was not possible, the case was heard by the committee which attempted to have both tenant and landlord at the hearing so that both sides could be weighed. Many times, landlord and tenant found it possible to reconcile their dispute as soon as both heard the full story, but if they could not agree the committee would issue a decision. If the committee heard only one party before issuing a decision, it would review the case at the request of the the other party. Otherwise, committee awards could be appealed to the sheriff or district attorney who usually was kept informed in writing of the action taken by the committee and who usually supported the committee's award by refusing to take any action on evictions.

The committees considered their function to be conciliatory rather than judicial, but, nevertheless, they had to use some general principle in the determination of what they called a 'fair rental.' Because the Homes Registration Service recognized the committees as autonomous local agencies, it did not undertake to prescribe any one hard and fast procedure to be used by the committees in determining fair rentals.

Eleven of these practices were listed in the final report of the United States Housing Corporation as representative. These fell into three rough groups. Five of them used some basic date at which all rentals were considered normal and to which certain allowances were added for increased taxes or other costs. Four of these practices used the gross return on the gross investment, and the remaining two used the net return on the gross investment.

Available records do not indicate any rule for determining cases arising from complaints involving the keeping of chickens, dogs, or similar problems. It was the practice of the committees to refuse to recognize clauses in rent leases which discriminated against tenants with children.

The New London Plan is developed in considerable detail since this initial experience well illustrates the growth of efforts to adjust rentals in local communities during a difficult period. Only summary statements are given of the rent problems and control techniques used in Bridgeport, Connecticut; Rock Island, Illinois; and Vallejo, California.

THE NEW LONDON PLAN, 1917-1918

INTRODUCTORY

With the outbreak of the World War, population in New London leaped from 20,000 to 40,000, due mainly to the development of a large shipbuilding industry and the enlargement and manning of a great naval and submarine base. Other local industries, however, were only moderately affected by the defense boom. There were 2 important shipbuilding yards, the Groton Iron Works and the New London Ship and Engine Company. They were located just across the Thames River in Groton, which was part of the New London industrial housing area, the bulk of the labor supply reaching work by ferry. The national shipbuilding program called for the construction of 6 new ways for the building of merchant vessels of 5,500 tons. By the end of March, 1918, the project was absorbing 950 men, most of whom lived in New London since all authorities agreed that it was useless to expand housing in Groton. The Groton Iron Works alone planned to employ 2,500 at capacity. The Navy maintained a base for assembling and fitting submarines, a naval establishment at Fort Trumbull, an experimental station, a naval hospital, and the Naval Marine Iron Works. The program of expansion was enormous; for example, 33 buildings were erected at the submarine base between October 16, 1917 and May 13, 1918.

The predominant housing type in New London was the two-family (two-flat) house of five or six rooms per family, one room of each being in an attic reached by a common backstairs. The front stairs to the upper flat sometimes opened to the front porch and sometimes to a side entrance with a porch. Newer types had a small porch on the second story overhanging part of the lower porch. Each flat had a bath, pantry, and separate heating system in the cellar. The semidetached (double) house was prevalent and there were no block or apartment houses.

RENT PROFITEERING

The strain which the industrial expansion put upon the city's housing facilities was enormous, and it was in turn reflected in rising rents. The demand was for both houses and rooms, though primarily for the former, since married men with families were coming into the city. As rooms were let in rented houses, the secondary landlords raised rents, and tenants began to complain. The complaints in early 1918 were so great and criticism from labor became so bitter that there was danger of a serious disturbance. John C. Ellis, president of the machinists local, who said that he was doing everything possible in his power to keep labor steady and contented' added that he could make no guarantees unless the working people were given rent control.

LOCAL ACTION

Early in March the executive committee of the War Bureau of the Chamber of Commerce met to hear complaints from aggrieved tenants. A representative of the Central Labor Union was present and cited a number of cases. The War Bureau then appointed a Union Housing Committee, consisting of Mr. Sidney Miner, a real estate man, Malcolm S. Nichols of the Associated Charities, and Leon A. Sprague. They were to go to the large industrial plants and inquire of the managers regarding the most pressing cases of raised rents reported to them. The committee would then visit the offending landlord and urge him to reduce his rent. If he refused, it would give his name to the War Bureau, which would, in turn, report the matter to the appropriate State or National officers.

The Housing Committee set out to determine the extent of rent profiteering. It distributed cards among tenants and received 130 replies. Ten percent was considered a fair rental increase, yet more than half the returns showed advances of more than 20 percent, and 4 cases were over 100 percent. On March 12, the Committee inserted an advertisement in the press asking all residents whose rents had been raised more than 10 percent to write in. A number of letters were received complaining bitterly of profiteering. A typical letter from a naval officer claimed that the rent on his house had risen 40 percent in 2 years and he said that people subletting were the worst profiteers. Another wrote that his landlord boasted that 'the people have no alternative--either pay or get out--because tenements are too scarce.' The Committee reported after a canvass of New London and Groton that 'there were absolutely no places to be had.'

LABOR'S APPEAL

This activity failed to produce rent reductions. The War Bureau of the Chamber of Commerce was condemned by the labor organizations which decided to appeal over its head to Secretary of Labor William B. Wilson. A petition was drawn up with nearly 1,200 signatures of war workers, claiming to represent 4,000 people in New London and vicinity. It complained of profiteering in rents and of evictions and it asked the Secretary to appoint a commission at once to take charge of profiteering. The building of new houses, it said, would not relieve the situation because construction would take at least 6 months, though it did ask that all summer houses and hotels in the vicinity be commandeered. A resolution endorsed by the Central Labor Union and almost 600 machinists requested the Secretary to 'place the city of New London and vicinity under Federal Jurisdiction.' These complaints and recommendations were contained in a long letter including newspaper clippings, representative letters of complaint on profiteering, and a copy of the resolution, which was sent to Wilson on April 17, 1918 by Ellis, A. A. McLearn, president of the Central Labor Union, A. J. Manart, and Edwin Wellstrom.

Though labor took the initiative, all groups recognized the gravity of the situation. Inadequate housing and rent profiteering made for low morale in the labor force and a reputation for these things would tend to blacken the city's name among workers who might be needed later. The vice-president and general manager of the New London Ship and Engine Company, F. T. Ouble, and the superintendent, H. Momm, signed the labor petition to Secretary Wilson, testifying to the accuracy of the conditions described. On April 30, the Chamber of Commerce dispatched a letter to Otto Eidlitz of the Bureau of Industrial Housing and Transportation signed by the mayor and 40 businessmen, manufacturers, and bankers. They said that they were aware 'of the utter inability of this community to meet the housing demands forced upon it by the accession of workmen to our shipyards and plants engaged in making war supplies and officers and men of the U. S. Service,' and without the help of an outside agency the defense effort would be seriously handicapped. They, therefore, asked for a Federal housing project and such a project was later undertaken.

By April, 1918, the complaints convinced officials in Washington of the need for action and the workingmen's appeal led to the dispatch of an investigator to make a report and work out a scheme for handling rent profiteering. Felix Frankfurter of the War Labor Policies Board sent Richard S. Childs to New London and there, with John C. Ellis, he devised the plan which was to provide a model for the whole country. Ellis then got local citizens to agree to become members of the Committee of Twenty-Four.

COMMITTEE OF TWENTY-FOUR

The plan was simple, emphasizing good community spirit and the power of public opinion, both popular concepts in a time of national emergency and both, fortunately, strong in New London. With the cooperation of the manufacturers and the Central Labor Union, a committee of 24 was selected, representing the important interests. There were 8 members from organized labor, 8 from the 'propertied group,' and 8 representing the public.

The Chairman, Mr. Ellis, appointed 4 subcommittees of 6 members, each with equal representation of the interest groups. The general committee maintained complete jurisdiction over all the subcommittees and could remove any member for cause.

One or the other of the subcommittees was almost continuously in session so that there was no delay. A special blank was provided on which the tenant was invited to present his grievance. The blank was turned in to the secretary of the committee, Edwin Wallstrom, another labor representative, who delivered it to the appropriate subcommittee. The subcommittee then summoned landlord and tenant to appear for a hearing to obtain the facts. If the landlord refused to appear, as he was free to do because of the extra-legal nature of the body, the subcommittee would proceed without him on the assumption that all the facts were at hand. If he later asked for a rehearing, it would be granted if the chairman felt that his statement warranted one, the decision resting with the chairman.

The committee did not try to determine rentals with precision for it saw its function as that of expeditious conciliation rather than exact judicial determination. An effort, however, was made to determine a fair rental. One-third was added to the assessed value of the property to determine the true value and, of this, the landlord was given a rental of 10 percent gross, out of which he was expected to meet taxes, repairs, and other normal services; other unusual services to be allowed for. If it found that either the landlord or the tenant was making excessive demands, it attempted to get them to reach a compromise solution by appealing to reason, community spirit, and patriotism. If no solution could be reached, it would publish the facts of the case in the local press, with the implied branding of the recalcitrant as a 'profiteer.'

Records were kept of all proceedings so that if a case were carried to the courts the committee would have the facts substantiating its recommendations. Decisions were reached by a majority vote of the committee members present. There was an appeal committee

of three, but there was never any need for it, since no tenant or landlord ever appealed. If the threat of or use of publicity was not enough to convince the recalcitrant, and he proceeded to obtain dispossess papers, the sheriff and the prosecuting attorney cooperated by refusing to serve them. No tenant engaged in 'Government work' could be dispossessed; the dispute was to be held over till the end of the war.

RESULTS

The plan was an immediate success in both New London and Groton. In a press release of June 14, 1918, Felix Frankfurter stated that a way had been found to handle the rent profiteering question and outlined the 'New London Idea.' He recommended its use by other communities suffering from the same evil.

The statistics of the Committee of Twenty-Four confirm Frankfurter's judgment. A report was made by the New London committee for the period July 19, 1918 to November 15, 1918, with the following results:

Decisions acceptable to both sides		125
Substantiating landlord		40
Compromise		112
	Amount of rent	76
	Tenant agreed to rental provided repairs made	24
	"Evictions prevented through compromises"	12
Substantiating tenant		91
	No increase in rental	35
	Only increase tenant proposed	17
	Improvements with same rental	15
	Improvements with increased rental	24
Resort to publicity		5
Evictions prevented		41
	"Through moral suasion and the fear of publicity"	37
	Postponement by prosecuting attorney till end of war	4

These statistics suggest a record of conscientious activity, a large preponderance of satisfactory adjustments, many of them for relief of the tenant, reached without resort to publicity except in rare instances, with the result that a large number of evictions were prevented. Perhaps the most significant and least charted realm of the committee's activity lay in those cases where landlords did not raise rents at all or raised them only moderately because they did not care to be called before the Committee of Twenty-Four. The *Survey* magazine declared that the chief value of the committee was as a preventive rather than as a cure.

SIGNIFICANCE OF THE EXPERIMENT

In an article in January, 1919, the *Survey* pointed out that a hard and fast judicial system breaks down in an emergency because of the slowness of procedure, and that it is only an informal organic body which can dispense justice swiftly. '* * * The general effect of the existence of the committee in New London undoubtedly has contributed to the fact that rents in that city have risen less rapidly than in other places and a few months ago were from 25 to 30 percent lower than in Bridgeport, Waterbury, and the other industrial centers of the State. * * * '

So successful did the plan become that it was made the model for rent control in many other communities. John Ellis, the leading figure in the New London development, drew up a program of practical suggestions for the organization and procedure of such committees which was published by the Homes Registration Service and distributed to its agents, to committees on rent profiteering, and to directors of local registries. Mr. Ellis was taken from his job in New London and was sent by the Homes Registration Service to many cities to help in the organization of committees.

SUMMARY STATEMENTS

BRIDGEPORT

The difficult housing situation which developed in Bridgeport some time before our entry into the war, was the subject of study and action as early as 1914. The city's industries, which were vital to the preparedness program, were greatly expanded by the war and this further aggravated the bad housing situation. Employers complained of high labor turnover and laid the major portion of blame for it upon the housing shortage. This shortage was, of course, reflected in rents, which were among the highest in the country for workers' families, according to the survey of 91 cities by Professor W. F. Ogburn, reported in the *Monthly Labor Review*.

Despite the intensity of its housing and rent problems, Bridgeport did not meet them with the skill of New London, because it lacked vital community spirit and good relations among interested groups. This was substantially due to the large and diverse unassimilated immigrant population. In July 1918 a Rent Profiteering Committee was established in the city with the cooperation of State and Federal authorities. The committee consisted of only three members, one representing the public, one labor, and one property. It was a failure from the start and in August the Homes Registration Service undertook to reorganize it along the lines of the New London Committee. Organization efforts continued for 3 months, but ended in failure. The three-man committee kept only haphazard records of its activity so that it is impossible to determine precisely what its achievements were, but it seems to have been more concerned with landlord's complaints than with rent profiteering. The proof of the committee's failure lay in the fact that rents in Bridgeport were far higher than they were in New London. Perhaps this failure was due in part to the unwillingness of tenants to report profiteering for fear that they would be evicted in a city where there were so few houses for rent.

DAVENPORT-ROCK ISLAND

War orders swelled the population of the 'Rock Island Territory,' where the Rock Island Arsenal and various other industries took on thousands of workers.

On January 30, 1918, leading businessmen in the territory appealed to the Federal Government to take over the financing of the construction of houses. By February, the Rock Island Arsenal had developed plans for providing housing for thousands of its future workers.

On July 10, 1918, the Commanding Officer of the Rock Island Arsenal wrote to Washington demanding that steps be taken promptly to eliminate rent profiteering in the 'Rock Island Territory.' On July 16, a field agent of the Bureau of Industrial Housing succeeded in establishing a committee to direct a Homes Registration Service in Davenport. Four members of this committee constituted the Rent Profiteering Committee, which during its life settled satisfactorily all of its 112 cases and prevented 25 evictions.

The Rock Island Homes Registration Committee, one of whose functions was the prevention of rent profiteering, was created on July 17. On September 16, a special committee of 5 members was appointed to consider rent profiteering cases. This rent profiteering committee, in its short life of 2 months, settled 60 cases successfully and prevented 4 evictions.

With the signing of the Armistice, the war orders of the industries in the Rock Island Territory disappeared, and many of the workers that were let out returned to their former communities. The resultant abundant housing facilities ended the possibility of rent profiteering. The United States Homes Registration Service came to an end in Davenport in May 1919; and in Rock Island on July 28, 1919.

VALLEJO

The tremendous increase in employment at the Mare Island Navy Yard during 1917 and 1918 caused a shortage of housing facilities in Vallejo and rent profiteering developed rapidly.

The profiteer was aided by the fact that over 50 percent of the Navy Yard employees were married and consequently needed apartments or houses rather than rooms. Since there were no large apartments or hotels and since the housing unit was usually a four- or five-room house not suitable for dividing into light-housekeeping rooms, a tight housing situation developed soon after the Navy Yard began to expand in April 1917. Rent profiteers were then able to advance rents every time Navy Yard wages increased. Soon Navy Yard employees found it advisable to seek employment elsewhere.

The increasing rate of employment turnover at the Navy Yard made it difficult for the Commandant to maintain efficient production and he sought relief from profiteering by appeals to the Vallejo Chamber of Commerce and to the Navy Department. His efforts eventually led to the formation of a rent profiteering committee which was very successful. In none of the 43 cases in which the committee rendered a decision was it necessary to compel agreement. However, because the rent levels established by the committee were lower than the levels set by the United States Housing Corporation for its Vallejo project, apparently for comparable units, the rent profiteering committee lost the cooperation of landlords shortly after the Armistice.

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APPENDIX

82 CITIES WITH RENT PROFITEERING COMMITTEES BY DATE OF ORGANIZATION

Place	*Committee organized 1918*	*How organized*
Waterbury, Conn.	May 15	By Governor
New London, Conn.	May 29	Special Agent of the Dept. of Labor
Baltimore County, Md.	May	By Governor
Philadelphia, Pa.	June	---
Newark, N.J.	July 3	Field agent
Newport, R.I.	July 3	Field agent and letter
Cleveland, Ohio	July 11	Field agent
Freeburg, Ill.	July 12	By State Council of Defense
Dayton, Ohio	July 16	Field agent
Davenport, Iowa	July 16	Field agent
Moline, Ill.	July 16	Field agent
Perth Amboy, N.J.	July 24	Field agent
Sharon, Pa.	July 24	By letter
Gloucester, N.J.	July 24	By letter
New Brunswick, N.J.	July 25	Field agent
Bath, Maine	Aug. 5	By letter
Phillipsburg, N.J.	Aug. 5	Field agent
Gary, Indiana	Aug. 10	Council of Defense
Bridgeport, Conn.	Aug. 10	Governor
Lowell, Mass.	Aug. 15	By letter
Watertown, N.Y.	Aug. 16	Field agent
Sault Ste. Marie, Mich.	Aug. 20	Field agent
Youngstown, Ohio	Aug. 21	Field agent
Lorain, Ohio	Aug. 22	Field agent
Niles, Ohio	Aug. 22	Field agent
Norfolk, Va.	Aug. 24	Field agent
Asbury Park, N.J.	Aug. 24	By letter
Portsmouth, Va.	Aug. 26	Field agent
Florence, Ala.	Aug. 30	By Ordnance Dept.
Sheffield, Ala.	Aug. 30	By Ordnance Dept.
Tuscumbia, Ala.	Aug. 30	By Ordnance Dept.
Hartford, Conn.	Aug.	By Governor
Bethlehem, Pa.	Aug.	---
Baltimore, Md.	Summer	---
Charleston, W. Va.	Sept. 4	By letter
Hamilton, Ohio	Sept. 4	Field agent
Pittsburgh, Pa.	Sept. 5	Field agent
Fayetteville, N.C.	Sept. 6	Field agent
Ilion, N.Y.	Sept. 7	Field agent
Portsmouth, N.H.	Sept. 8	Field agent
Derby, Conn.	Sept. 11	Field agent

82 CITIES WITH RENT PROFITEERING COMMITTEES BY DATE OF ORGANIZATION

Place	*Committee organized 1918*	*How organized*
Easton, Pa.	Sept. 11	Field agent
Vallejo, Calif.	Sept. 14	Field agent
Rock Island, Ill.	Sept. 16	Field agent
Buffalo, N.Y.	Sept. 16	Field agent
Bayonne, N.J.	Sept. 20	Field agent
Warren, Ohio	Sept. 21	Field agent
Canton, Ohio	Sept. 23	Field agent
Allentown, Pa.	Sept. 23	Field agent and letter
Seattle, Wash.	Sept. 25	Field agent
Oakland, Calif.	Sept. 25	Field agent
Bremerton, Wash.	Sept. 25	Field agent
Trenton, N.J.	Sept. 26	Field agent
Portland, Ore.	Sept. 27	Field agent
Pensacola, Fla.	Sept. 27	Field agent
Erie, Pa.	Sept. 28	Field agent
Camden, N.J.	Sept.	By Governor
Charleston, S.C.	Sept.	Field agent
Williamsburg, Va.	Sept.	---
Vancouver, Wash.	Oct. 1	Field agent
Astoria, Ore.	Oct. 10	Field agent
Tacoma, Wash.	Oct. 10	Field agent
Indianapolis, Ind.	Oct. 14	By letter
Chevy Chase, Md.	Oct. 21	Field agent
Columbia, S.C.	Oct. 22	Field agent
Los Angeles, Calif.	Oct. 25	Field agent
Alameda, Calif.	Oct.	---
Phoenix, Ariz.	Oct.	Field agent
San Francisco, Calif.	Oct.	---
Zeigler, Ill.	Fall	State Council of Defense
Granite City, Ill.	Nov. 1	Field agent
Long Beach, Calif.	Nov. 2	Field agent
Toledo, Ohio	Nov. 6	Field agent
Cincinnati, Ohio	Nov. 7	---
Jacksonville, Fla.	Nov.	---
Coatesville, Pa.	Dec. 1	Field agent
Key West, Fla.	Dec. 3	Field agent
Berkeley, Calif.	---	Field agent
Long Branch, N.J.	---	---
Naugatuck, Conn.	---	---
Groton, Conn.	---	---
Irvington, N.J.	---	City Council

MEANS OF STOPPING RENT PROFITEERING

Report United States Housing Corporation, Homes Registration Division, pages 104-105.

"Throughout their existence the committees on rent profiteering had no strictly legal authority, and outside of Washington there was no Federal legislation to which they could appeal except as already described. Nevertheless, they were not without ways and means which enabled them, with relatively few exceptions, to secure compliance with their decisions. The means can be enumerated and described most conveniently by reference to the following paragraphs from a memorandum prepared by the Homes Registration Division for the use of committees:

1. *Appeal to reason and the sense of fairness.*--In deciding what is reasonable and fair we all lean more or less on the judgments of our fellows. If our opinion differs from that of another, we tend to question its truth; if it runs counter to public opinion, we are inclined to serious doubt. The decisions of a representative committee which has patiently and impartially considered the facts will inevitably carry great weight. If presented with tact, they will in most instances commend themselves as reasonable, and individuals will be led by their desire to do right and by their sense of fairness to comply. Certainly the vast majority of people have an impulse to deal squarely and fairly, even if not generously; and a respected committee is peculiarly able to arouse this impulse.

2. *Patriotism.*--One of our successful committees reports that its appeal has been "entirely patriotic." Now the person who is "patriotic" merely in war time is really not patriotic at all. The dependents of those who have suffered death or wounds for our country and the men who return from fighting for America and for us have a just claim for comfortable and reasonably priced homes, where they may be secure against the profiteer and the worry of eviction. Our national welfare and progress, no less than our success in industrial competition with other lands, depends upon our preventing, so far as we may, grievances and social discontent. Let committees bring out these facts and show that fair dealing is "the acid test" of loyalty and patriotism.

3. *Civic pride.*--It is only human to love home and so also to love one's home community. Pride in one's city and in one's community is extremely keen in many parts of our land and is everywhere on the increase. It should be further stimulated,

for without it we can not, in a country as big as ours, have genuine democracy. Several cities have written of their shame that profiteers in rents should exist in them or be known or even thought to exist. Pride in city and in its reputation will influence many landlords and especially real estate men to abide by the decisions of a properly constituted committee.

4. *Appeal to a standard of fairness determined by real estate operators themselves.*--Several cities have found it very helpful to ask their principal real estate men or their real estate boards or organizations for a judgment as to what in general constitutes a fair rental. After they have thus considered the question and given their answer, real estate men have almost invariably refrained from asking or collecting more; and when more has been asked, committees have found it relatively easy to secure a proper reduction. (Allowance, of course, must be and has been made for exceptional cases in which rentals may legitimately be higher, or should be lower, than the determined standard would suggest.) In some localities particularly on the Pacific coast, real estate boards have further cooperated by furnishing to the committees a body of men competent to give an intelligent appraisal of the value of properties. These men, it is gratifying to report, have been selected with care, and they have done their work promptly and conscientiously.

5. *Agreements of owners and operators regarding rentals.*--To illustrate this method we would quote a highly patriotic agreement signed by 16 important representatives in Warren, Ohio:

> "We, the undersigned owners and operators of housing properties in Warren, Ohio, agree that from this date to the ending of the war we will not raise rents above the present prices; that we will use our full influence wherever possible that others likewise refrain from raising rents; that in the case of separate houses, we will not discriminate against families with children; that we will cooperate to the fullest extent with your board in its work, and readily abide by its decision in housing matters, assisting you so far as we may to induce owners, where rents seem unjustly high, to reduce same."

The above would not be practicable everywhere; in its exact form, of course, it could not now be used anywhere. It suggests a method, however, which, if carefully adapted to present conditions and local circumstances, will prove of value.

6. *Mediation of a friend or respected acquaintance or official.*--An individual, properly selected and in sympathy with the committee's aims and its decisions in the particular case, is frequently able to swing the rebellious party into line.

7. *Disapproval of (or expulsion from) real estate boards, chambers of commerce, and similar organizations.*--In one city at least the organizations above indicated have decided to frown upon and to ostracize any member who is guilty of profiteering, and who, after having had an opportunity to appeal, still refuses to abide by the final recommendations of the local committee.

8. *Public opinion, threat of publicity, publicity.*--One of the strongest of human desires is that of wishing to stand well with others and to enjoy a good reputation. Combined with this there is often a business motive. A man's business will suffer if his general reputation is not good, also his property may not rent, or at least not rent well. But even apart from this monetary consideration individuals are reluctant to lose the respect of the committee, particularly in case this is fairly large. Much less are they willing to risk the danger of having the public learn through newspapers or gossip that they are charging more than the established committee regards as fair.

9. *Threat of increased taxes.*--(Report of profiteering to municipal assessors.) When landlords have hesitated to content themselves with what committees have regarded as reasonable advances in rental, the latter have sometimes threatened to bring the rental increases to the attention of the city assessors with the recommendation that the valuation of the property, and thus the taxes, be increased proportionately.

10. *Threat of (and, if necessary, an actual) refusal to list houses or rooms.*--The Homes Registration Service and other listing agencies have been induced to cooperate by refusing to list rooms or houses if the rentals demanded are in excess of those determined by the local committee. Applicants have been discouraged from paying exorbitant prices, and every effort has been made to locate them in quarters where the rates are reasonable.

11. *Influence of health department, city sanitarian, city council, tenement-house department.*--These agencies have rendered valuable assistance in compelling landlords to put their properties into habitable condition and tenants to give to property reasonable care.

12. *Threat to shut off fuel supply.*--(This was a war-time measure only.) In Philadelphia particularly, though elsewhere also, the Fuel Administration has lent its support by refusing to supply fuel to houses from which war workers were evicted contrary to the recommendation of the local authority on profiteering. The fear that his house must remain vacant during the winter has brought many a landlord to reasonable terms.

13. *Support of sheriff, mayor, prosecuting and other attorneys, judges, and governor.*--(War-time measure primarily.) Here or there all of these individuals have served powerfully to "back up" the decisions of the committee. In one city, at least, the sheriff has delayed serving writs of ejection upon indispensable war workers who were unable to find other accommodation. Attorneys have refused to press proceedings in such cases. Prosecuting attorneys, of their own initiative or at the request of the governor, have lent their aid and have been successful in staying action, particularly where there has been a failure on the part of the landlord to adhere strictly to sanitary and health regulations. Judges, also, of their own initiative and at times upon the recommendation of the governor, have refused to issue writs of dispossession of war workers where an exorbitant rental was in force, and when this was not the case have nevertheless stayed the writ of ejectment until the close of the war. In Seattle no eviction suits are disposed of by the superior courts until the rent-profiteering committee has reported its findings. Governors have added their influence not merely in the ways just indicated, but also by insisting through newspapers that committees' decisions must be complied with, otherwise executive or State action would follow."

Through the use of one or more of these means the committees were successful in the vast majority of cases, in bringing even recalcitrant landlords to a position of justice. In some instances the success was phenomenal.

President Colein, of Central Labor Council, and chairman of the rent profiteering committee of Portsmouth, Va., stated that their sub-committees meet every night and hear four or five cases. Friday night all cases come before the whole committee. Every case has been adjusted without publicity to satisfaction of committee and both parties concerned. Have kept this up for six weeks.

PRACTICAL SUGGESTIONS TO COMMITTEES ON RENT PROFITEERING

August 14, 1918

To field agents of the United States Homes Registration Service Committees on Rent Profiteering and directors of local registries.

I would suggest that the District Attorney of each locality be appointed one of the general committee of 24. This general committee of 24 should have complete jurisdiction over all sub-committees. The reason is that some members of the sub-committees may prove undesirable as judges of their localities, either from association, reputation, or connection with interests which are against the public policy. Hence the original committee should have the power to remove. It is not necessary that the Prosecuting Attorney should attend every sub-committee meeting, but the results of decisions rendered at these meetings should be recorded in a book provided for that purpose, and copies sent to the Prosecuting Attorney, so that in case of an appeal he has the decision of the committee in writing and the date.

All sub-committees should consist of not less than six; this gives a representation on each committee of two for each group of which the general committee is composed. The personnel of the general committee should consist of men with good reputations for loyalty and public spirit, and in no way be connected with any profiteering of any sort, nor should they be saloon-keepers, or any person representing the liquor interests, or men who are habitual drinkers. The reason why New London has drawn this line is that each man on the committee has been publicly criticized.

To make the efforts of the committee really successful, cooperation of all classes of workmen, manufacturers, merchants, etc., should be established as far as possible. Public meetings should be held at least once a month to which no admission is charged. Arrangements can be made to secure bands, prominent speakers, singers, theatres or halls for these without any extra expense, and even the newspapers will give advertising space, when it concerns the public good. Collections at the door should be taken up, however, and used to defray the incidental expenses of the committee of 24. If it is found necessary that workmen should take time from their regular work for the committee, they may be reimbursed for this loss from such proceeds. A man who has no salary does not have to lose that time, but a workman does.

In New London, wherever cases are adjusted satisfactorily, we do not give publicity or advertisement the names; but where we find landlords or tenants refusing to abide by the decision of the committee they are at once given publicity and shown up. Although every

meeting of the sub-committee is duly advertised, and many cases have been disposed of, no names are given except in cases cited. If cases are cited, part attention must be paid that only facts appear, to avoid any litigation which may arise from it.

It may be well, in states other than the State of Connecticut, to ask the Governor to lend his influence by writing to the various judges that this committee has been organized, and urging them to continue cases until the end of the war, if they find the decisions of the committee about right. The only real legal authority that the committee of 24 has is secured in this way. We find in our experience that, besides the publicity, the threat of having their houses tied up until the end of the war has a great influence in making the landlords abide by the decision given.

I would also suggest that the sub-committee chairmen, together with the general chairman of the committee of 24 should have a meeting with the District Attorney to come to an understanding as to what is a fair rental, and to settle upon a policy regarding assessments and dispossess proceedings, so that the authorized committees may show a similarity of judgment along the same lines and not create confusion.

As stated, the success of these committees largely depends upon how cooperation amongst all classes is worked up in each particular locality. It is by this means that we get the confidence of the people, and in no case, therefore, should any committee show any partiality or favor, whatever position the offending party may occupy. If any of the committee is accused of profiteering by doing anything unpatriotic, he should be at once brought before the general committee and if proven guilty, should be expelled and another man of like vocation appointed in his place.

The general committee of 24 elects its own chairman, vice-chairman, and secretary-treasurer. The chairman then appoints the sub-chairmen and sub-committees. We found it expedient, however, to appoint as sub-chairmen, men whose positions will permit them to use their clerks and typewriters, so they can issue the calls of meetings and statements of the cases which are to be heard before their committees. I find that appointing men of this class is more advantageous than the appointing of workmen whose time can only be devoted after working hours. This fact is very important.

J. C. Ellis, *Chairman*
New London Committee of 24

SOURCES

1. *Report of the United States Housing Corporation* Government Printing Office, 1920
2. *Report of the United States Housing Corporation* Government Printing Office, 1919
3. *Reports of the Department of Labor, 1918 and 1919*
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7. "Adjustment of Rent Profiteering Cases by the Department of Labor" *Monthly Labor Review*, March 1919
8. "A Study of Rents in Various Cities," W. F. Ogburn, *Monthly Labor Review*, September 1919

The records of the Bureau of Industrial Housing and Transportation and of the United States Housing Corporation in the National Archives, which include the correspondence and weekly and final reports of the local committees, and reports of agents of the Homes Registration Service and its correspondence. The following articles provided material on New London: Edward L. Schaub, "Regulation of Rentals during the War Period," *Journal of Political Economy*, Vol. 28, Jan. 1920, pp. 1-36; "Organized to Fight Rent Profiteering," *Survey*, Vol. XLI, Jan. 1919, p. 504; John C. Ellis, "Rent Profiteering," *National Housing Conference*, Vol. VII, 1918, pp. 140-146; James Ford, "Rent Profiteering," *National Housing Conference*, Vol. VII, 1918, pp. 128-139.

INTENTIONAL SECOND EXPOSURE

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